

LNF & IHCIF Calculations Illustration

- NORTH VALLEY in California area -

Given Data

- 1,539 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 55% = % Expenditures on purchased services, 45% = % expenditures in-house
- 110.3% = Cost index for purchasing health care in this geographic area
- 129.6% = Size cost index for in-house costs due to small or large size
- 95.9% = California area cost index for health status above or below average

Cost Adjustment Calculations

- \$1,809 per person for purchased services = $55\% * 110.3\% * \$2,980$
- \$1,738 per person for in-house services = $45\% * 129.6\% * \$2,980$
- \$3,546 per person total = \$1,809 (purchase) + \$1,738 (in-house)
- **\$3,402 per person total** adjusted for health status = $\$3,546 * 95.9\%$
- **\$2,657 per person net cost** = $\$3,402 - \745 Other resources (M&M&PI)

Existing Expenditures (for 1,539 users excluding wrap-around and collections)

- \$960 per person = local IHS allowance (excludes \$ for wrap-around)
- \$222 per person = expenditures elsewhere in California area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,235 per person for OU users** = $\$960 + \$222 + \$54$

LNF Calculation

- **36.3% Gross LNF** = $\$1,235$ (expenditures) / $\$3,402$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **46.5% Net LNF** = $\$1,235 / \$2,657$ net cost ($\$3,402 - \745 other)

IHCIF Allocation

- \$552,311 = \$ to raise LNF% from 46.5% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$19,265 Allocation** = $\$552,311$ needed for 60% * 3.488% IHCIF fraction

NORTH VALLEY Unmet Needs

- **\$4,089,170 Net Total Need** = 1,539 users * \$2,657 net cost
- **\$2,187,979 Net Unmet Need** = $(100\% - 46.5\% \text{ LNF}) * 1,539 \text{ users} * \$2,657 \text{ net cost}$